

Engaging with the clients, learn and build up its own outsourcing model
(融入客户，在借鉴中塑造自己的外包模式)



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In order to deliver high-quality software outsourcing services to multinational corporations, the service provider should have the proper service model aligned with the clients' model.

Statistics show that the global software outsourcing market size has reached 100 billion U.S. Dollars. It is projected to have a 30% -40% annual growth rate in the future. India has already become the first sourcing country in the world for many years. In China, many companies are still at the bottom of the outsourcing market. They could only get the third level subcontract or even fourth level subcontract. How could they change the status aspect, improve the entire level & ability in China outsourcing company market. We interviewed Freeborders CEO, Ms Jean Cholka.



Left: Ms Jean Cholka – Freeborders, Chief Executive Officer;
Right: Bo Huang – Executive Vice President, Global Delivery

Special Company Model

Journalist: Could you tell us a little about Freeborders' award-winning global delivery model, "CHINDUSSM" and the governance model "ATLASSM"?

Jean Cholka: Freeborders global delivery model "CHINDUSSM" focuses on team configuration and the, required onshore crew, so that we can deeply know the client's status and make an immediate response to their requirements. The project governance model ATLASSM contains six parts. One of the most important parts is communication. We have periodic communication with clients and this includes weekly project progress meetings, monthly governance team meetings and more. By using the many methods of communications with clients, we could actively participate and make the best decisions. Additionally, we use a lot of data to show the delivery quality and progress and also use measurable methods to control the progress and to guarantee our delivery is transparent.

Journalist: What is Freeborders strength?

Jean Cholka: Most of our clients are USA clients and they prefer to engage with US companies. If the two parties have dispute, they can go with US law. The clients have great concerns about information security and intellectual property of the outsourcing company. Freeborders is in full compliance with US laws and this can eliminate the clients' worries.

Journalist: What's the benefit for Freeborders after it acquired Stack Venture Group (SVG) recently?

Jean Cholka: SVG provides installation, customization, and production support applications and it operates in US. Freeborders will bring SVG's specialties to China. SVG's expertise is in the financial and medical system services – all located in the USA. Now, we're planning transfer the specialized technology of SVG to China, which will make us more competitive, especially in the outsourcing industry.

Journalist: What kind of acquisition strategy is Freeborders currently implementing?

Jean Cholka: We are talking with some companies. Maybe Freeborders will have one acquisition next quarter. Additionally, we are planning to acquire another company in Beijing or Shanghai. It will help us to be more localized. We are looking for companies that have particular skill sets.

The company should have the same model with clients.

Journalist: How does Freeborders' staff conquer language difficulty?

Jean Cholka: Our Chinese staff has years of English training in school and college. They have a solid foundation for communication in English and Chinese. In a typical outsourcing company, the most frequently used language is English. We communicate by using documents, emails, or Instant Messenger to overcome the difficulties of oral expression. Freeborders employees come from all over the world, such as India, Portugal,

Brazil and America. One third of our employees have experience in study or work abroad so that they have a parting communication with clients, which helps a lot.

Freeborders provides an English lab for employees with a purpose to improve their general English skills.

Journalist: India is a dominant outsourcing service country. Why did Freeborders choose China market?

Jean Cholka: India developed very fast in the past 15 to 20 years and now they are facing some challenges. Although Freeborders is smaller in this industry in China, we have flexibility and good service quality in this economic downturn. Freeborders has strong competition in China now. However, only a few outsourcing companies based in China have the talent to serve the needs of Western-based companies. The outsourcing industry is facing the challenges of how to expand the company scale within a short timeframe.

Journalist: It's reported that 50% of China's outsourcing companies are still at the bottom of the outsourcing market and they could only get the third level subcontract or even fourth level subcontract. What's your suggestion for them to change this status?

Jean Cholka: That's a big problem. Since we are not one of them, we could comment on that scenario. But generally speaking, in order to delivery high quality software outsourcing services to multinational corporations, the service provider should have the proper service model to meet with the clients' model. India's outsourcing service industry has a long history with a mature model. Some aspects such as resources allocation, five members on one team and at least one of them works in the client's office. Chinese outsourcing should learn from India.

Journalist: How can we learn from the India model and carry it over to China?

Jean Cholka: Indian companies have a lot of experience and developed models. My suggestion is that the outsourcing service providers in China can base their business on India's model, then adjust and build up their own models according to the practice. This way, we can start on a higher level and can do less work on it.

Develop Potential of China Outsourcing Market

Journalist: Freeborders' Shenzhen R&D center is one of the largest in Southeast China and the Wuxi delivery center opened in March this year. So what are the reasons that you pay a lot of attention to China market?

Jean Cholka: Freeborders is an US company, but most of the operations are done in China. Freeborders would like to improve the service with the help of Chinese talents and the mature IT industry in China.

Journalist: What is your opinion on government's policies in attracting foreign investment in Pearl River Delta?

Jean Cholka: Freeborders has offices in Shenzhen and Wuxi. The preferential policies that the Shenzhen Government put forward are not better than that in Chengdu, Wuxi, etc. The Shenzhen Government did a lot

of things to encourage high-tech IT outsourcing companies. Currently they include joint meetings and finding business opportunities outside Shenzhen. Additionally, the Shenzhen Government organizes the outsourcing company association so that the Government could provide a more centralized service. Compared to Wuxi and Chengdu, the Shenzhen Government provides less support.

Journalist: What is the impact of the global financial crisis on the outsourcing industry?

Jean Cholka: On negative side, most of the clients cut down the IT budget that has a bad impact on the industry. On the positive side, outsourcing may be a good way for clients to cut costs. It's a good change for us. For example, Freeborders has adjusted the focus our business to help our clients to find their ways how to save costs across the board. Our business is grown by this strategy.

Journalist: What is your point of view on the future of China's software outsourcing industry?

Jean Cholka: When taking an overview of the outsourcing industry globally, we may find that even Chinese outsourcing is behind India. But the status is similar to South America and Ireland. It could exceed them in the near future. If we can find support from the human resources and market status, China has advantages in this field. The Chinese government is investing a lot in building its capability, such as education investment, infrastructure, telecom and electricity, etc. It will be a very bright future for the whole China software outsourcing industry.